

Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6086

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TAGS: ETRD, IN, UR

SUBJ: INDO-SOVIET TRADE PLAN FOR 1975

1. INDO-SOVIET TRADE PLAN FOR 1975 WAS SIGNED IN DELHI DECEMBER 30. PLAN CALLS FOR TRADE TURNOVER OF RS. 7 TO 7.5 BILLION (\$875-\$930 MILLION) COMPARED TO 1974 TARGET OF RS. 6.7 BILLION (\$840 MILLION) AND ACTUAL 1974 TRADE OF ESTIMATED RS. 6.0 BILLION (\$750 MILLION). PLAN CALLS, INTER ALIA, FOR DELIVERY BY SOVIETS OF 1,000,000 TONS KEROSENE (SAME AS 1974), 200,000 TONS DIESEL OIL (UP 100,00 TONS) 335,000 TONS FERTILIZER (UP 10,000 TONS), SUNFLOWER OIL, AND 100,000 TONS SOVIET COTTON, REPRESENTING FIRST TIME SOVIETS HAVE SOLD COTTON TO INDIA UNDER BILATERAL TRADE PLAN.

2. MINISTRY OF COMMERCE OFFICIAL SAID SOVIETS HAD ALSO AGREED TO INCREASE DELIVERIES OF NON-FERROUS METALS IN 1975, ESPECIALLY ZINC. INDIA WILL SELL SOVIETS TEA, JUTE MANUFACTURES, CASHEWS, COFFEE, SPICES, TOBACCO, DE-OILED CAKES, AND MANUFACTURED GOODS INCLUDING GARMENTS AND TEXTILES, SHOES, GARAGE EQUIPMENT, AND AUTO PARTS AND ANCILLARIES.

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COMMERCE MINISTRY OFFICIAL EXPRESSED SATISFACTION THAT

OFFTAKE OF "NON-TRADITIONAL" MANUFACTURED GOODS BY SOVIETS
WAS UP ABOUT 20 PERCENT IN NEW PLAN AND NOW CONSTITUTES
RUGHLY HALF OF INDIAN EXPORTS TO SOVIET UNION.

3. DESPITE PROTESTATIONS BY MINISTRY OF COMMERCE THAT GOI IS
HIGHLY PLEASED WITH AGREEMENT, WE THINK SOVIET COMMITMENTS
FELL CONSIDERABLY SHORT OF INDIAN HOPES, AND THAT, ADJUSTING
FOR PRICE INCREASES, 1975 TRADE PLAN PROBABLY CONTEMPLENATES
SAME OR SMALLER VOLUME OF TRADE THAN IN 1974. COMMERCE MINISTRY
OFFICIAL SAID, INCIDENTALLY, THAT SOVIET LOAN WHEAT THAT
MOVED IN 1974 (AMOUNTING TO ABOUT 1.6 MILLION TONS) IS
NO INCLUDED IN RS. 6.0 BILLION FIGURE GIVEN FOR 1974
TURNOVER.

4. OVERALL, THE NEW TRADE PLAN IS FURTHER EVIDENCE TO US
OF THE LIMITS OF THE INDO-SOVIET ECONOMIC RELATIONSHIP.
INDIAN REPRESENTATIONS IN THE USSR ON THE HIGHEST LEVEL
ON SEVERAL OCCASIONS IN 1974 FAILED TO WANGLE CREDIT FOR
COMMODITY IMPORTS OR AN APPRECIABLE INCREASE IN THE QUANTITY
OF COMMODITIES SOVIETS ARE WILLING TO SUPPLY. INDIA STILL
VIEWS THE RUPEE TRADE AS WORTHWHILE TO THE EXTENT IT HS A
MEANS OF GETTING NEEDED COMMODITIES AND MILITARY GEAR IN
EXCHANGE FOR OUTPUT THAT IS UNSALEABLE ON WESTERN MARKEST.
BUT THE GOI IS BY HOW WELL AWARE THAT THE
SOVIET GOVERNMENT FEELS UNDER NO COMPULSION TO RUSH TO ITS
ASSISTANCE DESPITE INDIA'S PRESENT ECONOMIC DIFFICULTIES.

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